

to this part. Covered farms subject to this part must comply with all applicable requirements of this part when conducting a covered activity on covered produce.

(b) A farm is not a covered farm if it satisfies the requirements in § 112.5 and we have not withdrawn the farm's exemption in accordance with the requirements of subpart R of this part.

**§ 112.5 Which farms are eligible for a qualified exemption and associated modified requirements based on average monetary value of all food sold and direct farm marketing?**

(a) A farm is eligible for a qualified exemption and associated modified requirements in a calendar year if:

(1) During the previous 3-year period preceding the applicable calendar year, the average annual monetary value of the food (as defined in § 112.3(c)) the farm sold directly to qualified end-users (as defined in § 112.3(c)) during such period exceeded the average annual monetary value of the food the farm sold to all other buyers during that period; and

(2) The average annual monetary value of all food (as defined in § 112.3(c)) the farm sold during the 3-year period preceding the applicable calendar year was less than \$500,000, adjusted for inflation.

(b) For the purpose of determining whether the average annual monetary value of all food sold during the 3-year period preceding the applicable calendar year was less than \$500,000, adjusted for inflation, the baseline year for calculating the adjustment for inflation is 2011.

**§ 112.6 What modified requirements apply to me if my farm is eligible for a qualified exemption in accordance with § 112.5?**

(a) If your farm is eligible for a qualified exemption in accordance with § 112.5, you are subject to the requirements of:

(1) This subpart (General Provisions);  
 (2) Subpart O of this part (Records);  
 (3) Subpart Q of this part (Compliance and Enforcement); and  
 (4) Subpart R of this part (Withdrawal of Qualified Exemption).

(b) In addition, you are subject to the following modified requirements:

(1) When a food packaging label is required on food that would otherwise be covered produce under the Federal Food, Drug, and Cosmetic Act or its implementing regulations, you must include prominently and conspicuously on the food packaging label the name and the complete business address of the farm where the produce was grown.

(2) When a food packaging label is not required on food that would otherwise be covered produce under the Federal Food, Drug, and Cosmetic Act, you must prominently and conspicuously display, at the point of purchase, the name and complete business address of the farm where the produce was grown, on a label, poster, sign, placard, or documents delivered contemporaneously with the produce in the normal course of business, or, in the case of Internet sales, in an electronic notice.

(3) The complete business address that you must include in accordance with the requirements of paragraph (b)(1) or (2) of this section must include the street address or post office box, city, state, and zip code for domestic farms, and comparable full address information for foreign farms.

**§ 112.7 What records must I establish and keep if my farm is eligible for a qualified exemption in accordance with § 112.5?**

If your farm is eligible for a qualified exemption in accordance with § 112.5:

(a) You must establish and keep records required under this provision in accordance with the requirements of subpart O of this part, except that the requirement in § 112.161(a)(4) for a signature or initial of the person performing the activity is not required for sales receipts kept in the normal course of business. Such receipts must be dated as required under § 112.161(a)(4).

(b) You must establish and keep adequate records necessary to demonstrate that your farm satisfies the criteria for a qualified exemption that are described in § 112.5, including a written record reflecting that you have performed an annual review and verification of your farm's continued eligibility for the qualified exemption.